

Nasser Shift in Egypt Laid to Lag in U.S. Aid

FOIAb3b

CPYRGHT

By Ernest B. Vaccaro
Associated Press

A survey made public last night by a special Senate Committee says Egypt might now be "a model for the Middle East" had that country been offered "meaningful" United States economic aid.

The survey, by the Center for International Studies at the Massachusetts Institute of Technology, was commissioned by a special Senate group set up to review the foreign aid program.

Submitted by Max F. Millikan, director of the Center, the report declares that an effective program of foreign economic aid is vital to the search for peace.

However, another Committee-financed report, made public simultaneously, argues that "private investment, not Government aid, is the most effective way of helping other peoples to improve their levels of living." This report was by the American Enterprise Association, Inc.

The Millikan study, in advocating Government assistance to underdeveloped nations, asserts:

"If, at the time of the Naguib revolt, or even during the early days of Nasser, America had made a serious offer to help Egypt tackle her internal economic problems on a meaningful scale, then it is at least conceivable that Egypt would by now be a model for the Middle East."

Naguib's Coup in 1952

In July, 1952, a group of young Egyptian army officers headed by Gen. Mohammed Naguib forced the abdication of Egypt's King Farouk. The announced purpose of the coup was to clean out corruption in the government. Col. Gamal Abdul Nasser, a leader of the revolt, took over leadership of the government from Naguib in 1954 and later was named president.

The Millikan report says: "The commitment of the young officers of the anti-Farouk revolution was to independence, dignity and respect for their country."

"One path to these ends would have required a concerted attack on their age-old internal problems of poverty and stagnation."

"But this was a tortuous path at best, and without substantial aid, the path would have been a dead end. Since a serious American commitment was not forthcoming, it became virtually inevitable that Nasser and his colleagues would choose the other path, the path of pan-Arab adventurism."

have appeared a dead end. Since a serious American commitment was not forthcoming, it became virtually inevitable that Nasser and his colleagues would choose the other path, the path of pan-Arab adventurism."

This report was submitted to a special group composed of the full Senate Foreign Relations Committee and representatives of the Appropriations and Armed Services Committees.

American national interests, the report said, require a policy which has as its first objective the maintenance of a stable balance of military power.

'Positive Policy Required'

"Economic aid can contribute to this task insofar as it bolsters military strength and the will to resist Communist aggression, particularly in the nations bordering on the Soviet bloc," it added.

"But above and beyond this, the form of capital and technical assistance it could well policy toward the new under-

developed and basically uncommitted nations outside the Soviet bloc . . ."

The American Enterprise Association report said the best way to attain economic-based security objectives, and minimize the American tax burden, is to "place major reliance on expanded private foreign investment."

This report, submitted by William J. Baroody, executive vice president, said at one point:

"We must not allow our emotional bent toward doing good get the better of our judgment of the technical dimension of the development program."

"In particular, policymakers must bear in mind the contributions now being made by American capital invested abroad as well as the prospects for even greater contributions."

Citing obstacles to increase private foreign investment, it said:

"Hopes of receiving large-scale grant aid tend to induce foreign governments to be less receptive to private capital, which does not and can not work on the gift principle."

It suggested Congress consider proposals for "reducing taxes on both foreign business and personal income both for equity considerations and for the purpose of stimulating private foreign investment."

CPYRGHT

